

**State of Nevada
Division of Environmental Protection
Clean Water State Revolving Fund
Intended Use Plan 2014 Grant
Draft**



Construction of the Clark County Water Reclamation District
membrane filtration & ozonation facility

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I. Introduction

The State of Nevada, Division of Environmental Protection's (NDEP) Intended Use Plan (IUP) for the Clean Water State Revolving fund (CWSRF) is prepared in accordance with the provisions of Title VI of the Clean Water Act of 1987. This IUP is a required part of the process to request the Federal Fiscal Year 2014 Capitalization Grant which will be matched with 20 percent of state matching funds. The 2014 capitalization grant allotment for the State of Nevada is \$6,853,000. The IUP describes NDEP's intended uses for all funds available in the CWSRF program and an overview of how the state will comply with federally mandated requirements.

How the CWSRF Program Operates

Every year since the inception of the CWSRF program, the federal government has appropriated funds for the CWSRF. These capitalization grants are distributed to states using a formula outlined in the Clean Water Act Amendments of 1988. Since 1989, the NDEP CWSRF has received over \$179,862,400 in federal capitalization grants. In addition, as required by the legislation, NDEP has provided matching funds equal to 20 percent of the capitalization grants.

II. 2014 Project Funding

The NDEP 2014 federal capitalization grant allocation totals \$6,853,000. Congress has mandated that of the 2014 grant award at least \$685,300 be put towards projects that qualify under the Green Project Reserve. In addition, the grant requirement for subsidy totals between \$372,924 and \$559,386. CWSRF projects, regardless of funding source, will be required to follow Davis-Bacon wage and American Iron and Steel Management provisions.

- NDEP expects to finance four wastewater infrastructure projects totaling at least \$25,877,350. Figure 1 includes NDEP's project funding list. The \$24,750,000 Carson City project will be used to meet the equivalency projects reporting requirements for FAFTA. An amount of \$500,000 will be awarded to Lyon County Utilities to meet the anticipated 2014 Grant subsidy requirement. The traditional loan portion of \$2,000,000 of the Lyon County Utilities project is not scheduled to close until SFY 2015. All projects meet the sustainability criteria through fix it first, water/energy efficiency, and/or green infrastructure. Although the fundable list is presented, additional projects that are ready to proceed from the Project Priority List may be funded as well. An expanded Project Priority List can be found in Appendix A. Project ranking criteria can be found in Appendix B.

Figure 1

List of Projects to be funded, FY2014											
Rank	Community Name/Project Sponsor	NPDES permit number	Class	Project Description	Total Assistance	Interest Rate	*Additional Subsidy/Principal Forgiveness Amount	Amount	Category	Business Case Project	Estimated binding commitment date
7	*Gerlach (originally on 2013 IUP)	NEV20010	B	Sewer line replacement	127,350	PF	127,350				4/1/2014
8	*Nye County (Gabbs) (originally on 2013 IUP)	NEV70021	B	1.5 miles of 8-inch sewer main replacement	500,000	PF	500,000				4/1/2014
10	**Carson City Public Works	NEV90008	B	Wastewater treatment plant rehabilitation/upgrades, effluent line repair	24,750,000			800,000			4/1/2014
2	Lyon County/Dayton Valley Septic Conversion	NS2000500	A	Septic conversion/consolidation	2,500,000	TBA/PF	500,000				10/1/2014
				Total	27,877,350		1,127,350	800,000			

*A portion of subsidy will be applied to previous grants. See the Grant Requirements worksheet, Attachment D for further details.
 ** Carson City Public Works has not determined final portion of project meeting green requirements at the time of this report.

III. Short and Long Term Goals

NDEP has developed short- and long-term goals for its CWSRF program.

Short-Term Goals

For the purposes of this IUP, a short-term goal is an activity intended to be initiated and, in some cases, completed within a year.

- *Issue loans totaling \$25,877,350. See Figure 1 for further detail.*
- *Effectively manage day to day operation of CWSRF by continuing to meet goals and restructure program duties as needed.*
- *Fund green infrastructure, water and energy efficiency, and environmentally innovative projects in an amount at approximately \$685,300 of the capitalization grant. For the 2014 appropriation, Congress directed that at least 10 percent of the capitalization grant be allocated towards energy efficiency and environmentally innovative projects. The original Clark County project was intended to meet the 2012 and 2013 green requirements, but the scope of work was changed in SFY 2014 and will no longer meet the requirements. As a result, funding of the Carson City Public Works project (\$24,750,000) shown in Figure 1 will meet the 2012 and 2013 requirements and the CWSRF program will work with projects to ensure that the 10 percent threshold is met for the 2014 grant requirements.*
- *Fund subsidy projects in the amount of between \$372,924 and \$559,386 is projected. The federal 2014 appropriation required that the state use a portion of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Under the existing program, the CWSRF has authority to offer principal forgiveness and negative interest loans, in an amount up to 100% of the value of a loan.*

The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the average income per household is less than 80 percent of the median household income of the State. To meet the Federal 2014 appropriation requirement, additional

subsidy will be offered to communities that meet the definition of a disadvantaged community. If the minimum grant amount for additional subsidization is not met through addressing health concerns, projects with critical infrastructure needs, where the community meets the definition of disadvantaged, will be considered. In addition, to encourage sustainability the Division may award \$500,000 towards consolidation projects. There are adequate projects on the Priority List that meet the above affordability criteria to more than satisfy the requirement of the grant. The terms and amount of the additional subsidy will be determined on a case by case basis based on the individual community's financial situation.

It is possible that some of the projects on the Priority List meeting the above affordability criteria will not utilize SRF funds. If necessary to meet the additional subsidization requirement, the eligibility for additional subsidy will be expanded to include all communities with a population less than 10,000 people.

All subsidy projects are limited to \$ 500,000 of principal forgiveness funds unless risk is acute.

- *Make upgrades to NDEP's LGTS database program.* The LGTS system has not been updated since its inspection several years ago. The lack of an upgraded system causes the need for a series of spreadsheets to track information that should be tracked through LGTS. Updating of the LGTS database program will allow NDEP to access information more readily and cut back on data entry.

Long-Term Goals

For purposes of this IUP, a long term goal is defined as the life of the program. The following are the long-term goals of the loan program:

- *Maintain compliance by all publicly owned treatment works with water quality goals and protect the public health by assisting in the completion of cost effective projects.*
Outreach techniques are used, including meetings with various funders, participation in conferences, and personal visits to communities. The CWSRF expects to continue these efforts and to respond to evolving water quality and environmental priorities in the state and nationally.
- *Provide low-cost financing for important water quality projects while maintaining the perpetuity of the CWSRF through fiscal and technical integrity of the State Revolving Fund program.*
NDEP's CWSRF is committed to bringing projects to the program that address the state's most important water quality priorities. NDEP uses a CWSRF financial planning model to guide decisions on funding levels, interest rates, and other financing terms.
- *Work with other state funding sources to coordinate water quality financing.*
The CWSRF program meets quarterly with other financing programs in Nevada, including the U.S. Department of Agriculture (USDA) Rural Development program, the Department of Housing and Urban Development's (HUD) Community Development Block Grant program, and various state agencies. The programs meet to discuss program applicants and develop funding packages, which can maximize resources and cost savings.

IV. Allocation of Funds

a. Criteria Method for Distribution of Funds

State revolving loan funds, for the construction of municipal wastewater treatment works and pollution

control projects, are made available to Nevada communities pursuant to the Federal Clean Water Act. These funds are not sufficient to satisfy all of the State's wastewater treatment needs. With this constraint, the limited funds must be used in a manner consistent with the water quality and public health goals of the State in order to ensure maximum public benefit. The priority system described herein reflects the policies of the Department of Conservation and Natural Resources, Nevada Division of Environmental Protection (NDEP) regarding the utilization of the SRF, and is structured to support the following goals:

- Elimination of surface and groundwater pollution within the State
- Protection of the health of the people of the State from the threat created by inadequate or improper treatment, collection, and disposal of municipal wastewater and wastewater from non-point sources
- Attainment of water quality standards adopted by the State Environmental Commission to protect designated beneficial uses
- Operation of the SRF program in such a manner so as to impose the minimal possible financial burden on municipalities and other entities eligible for loans from the SRF

The primary purpose of the priority system is to describe how staff of the NDEP will evaluate projects in Nevada in terms of the above goals. Projects are placed in a priority class and given a priority value. The product of this evaluation is a Project Priority List which was formally adopted by NDEP during a public hearing. See Appendix A for the 2014 Priority List and Appendix B for the complete policy.

Bypass Procedures

NDEP may bypass projects on the IUP List of Projects to be Funded and Priority List if they are later determined to not be ready for funding. In those events, other projects from the Project Priority List may move to the funding list based on project priority ratings. Projects that are by passed maintain their rate.

All projects must be on the Project Priority List in order to receive funding. All bypasses will be explained in the Annual Report.

b. Types of Projects to be Funded and Financing Rates

Section 212 Projects

Projects identified as qualifying for the CWSRF under the Clean Water Act section 212 will have an interest rate of 62.5% of the Bond Buyers Index Rate. The Division however, can use other means of determining the interest rate if it concludes another method is appropriate. If a project meets the elements in the Sustainability Policy and there are grant requirements for subsidy, principal forgiveness may apply. This is outlined below.

V. Financial Management

a. Source of State Match

NDEP's 2014 appropriation of \$6,853,000 requires state matching funds of \$1,370,600 (20 percent). NDEP converted \$3,021,350 of leverage bonds to state match bonds as match to the 2014 grant. The state match bonds will be repaid using interest earnings on investments and assistance agreements. The terms of the bonds were decided prior to issuance and are based on what will contribute best to the financial health of NDEP.

b. Fee Income

NDEP applies a loan origination fee of 0.5% of the amount of base loans. The fee will be applied on a case by case basis. The fee income will eventually help cover the costs of administration. Approximately \$123,750 dollars in fees are expected to be deposited into the CWSRF administrative budget for SFY 2014.

c. Program Administration

NDEP has budgeted \$168,170 in administrative costs for SFY 2014.

d. Anticipated Cash Draw Ratio

NDEP expends all bond proceeds before federal draws are requested. Bonds continue to be used as match and are drawn down as needed for requested loan disbursements. NDEP maintains the ratio at 20% or more as required by the grant conditions. State matching funds will be deposited to the CWSRF before any capitalization grant funds are drawn.

Federal Awards	179,862,400
Less ARRA Award	(19,239,100)
FY14 Grant	6,853,000
Projected Total Grant Awards	
Requiring Match	167,476,300
Match Required	33,495,260
Match To Date	33,755,531
Current Difference Surplus/(Deficit)	260,271

e. Transfer of Funds from the Drinking Water State Revolving Fund

Nevada reserves the right to make a transfer of up to 33% of the CWSRF capitalization grant into the DWSRF or an equivalent amount from the DWSRF capitalization grant into the CWSRF. This would require public review and the approval of the Governor, State of Nevada. The decision to transfer funds will be based on funds available relative to projected demand in either DWSRF or CWSRF.

f. Estimated Sources and Uses

The Sources and Uses table in Figure 2 identifies the sources and the uses of all of the available funds in the CWSRF, as well as cumulatively. Sources of funds include federal capitalization grants and state matching funds, as well as leveraged bond proceeds and repayments. Investment earnings and originations fees are also sources of funds.

In keeping with the objective of the CWSRF, the majority of the available funds are used to pay for water quality projects. Funds are also used to pay for administration and for debt service on leveraged and state match bonds.

g. Financial Management Strategies

NDEP contracts with a financial advisor for financial planning. Information for financial planning is requested from the advisor on an "as needed basis" to determine leveraging practices, bond issuances, early payoffs, and long term financing capacity.

Figure 3 illustrates the historical and projected disbursements based on current financing policies. The proposed payment schedule can be found in Figure 4.

Figure2: Estimated and Cumulative Sources and Uses

Estimated FY2014 and Cumulative Sources and Uses			
	Cumulative Total through FY2013	2014 Fiscal Year (Projected)	Cumulative Total through 2014 Grant
Sources			
Federal Capitalization Grants	160,623,300	6,853,000	167,476,300
ARRA Capitalization Grant	19,239,100	0	19,239,100
State Match/Provided from State Match Bond Is	33,745,904	0	33,745,904
CWSRF Leveraged Bond Proceeds	96,755,000	0	96,755,000
Principal Repayments on Assistance Provided	158,604,097	15,973,958	174,578,055
Interest Repayments on Assistance Provided	81,746,861	5,880,441	87,627,302
Fees Deposited into the CWSRF Admin. Budget	536,877	133,750	670,627
Treasurers Interest	17,772,127	129,348	17,901,475
TOTAL SOURCES	569,023,266	28,970,497	597,993,763
USES			
Financing Agreements Entered (Base Program)	394,762,852		394,762,852
Projects on IUP (2014 IUP)	7,478,665	18,398,685	25,877,350
ARRA Financing Agreements Executed	19,222,555		19,222,555
Leverage Bond Debt Service			0
Principal	43,190,000	5,105,000	48,295,000
Interest	43,321,913	2,078,177	45,400,090
Bond Debt Service Reserve	22,693,558		22,693,558
State Match Bond Debt Service			0
Principal	25,065,000	2,970,000	28,035,000
Interest	8,699,883	250,466	8,950,348
ARRA Administrative Expense	16,545		16,545
Administrative Expenses (non-ARRA)	4,572,295	168,170	4,740,465
TOTAL USES	569,023,266	28,970,498	597,993,764

Figure 3

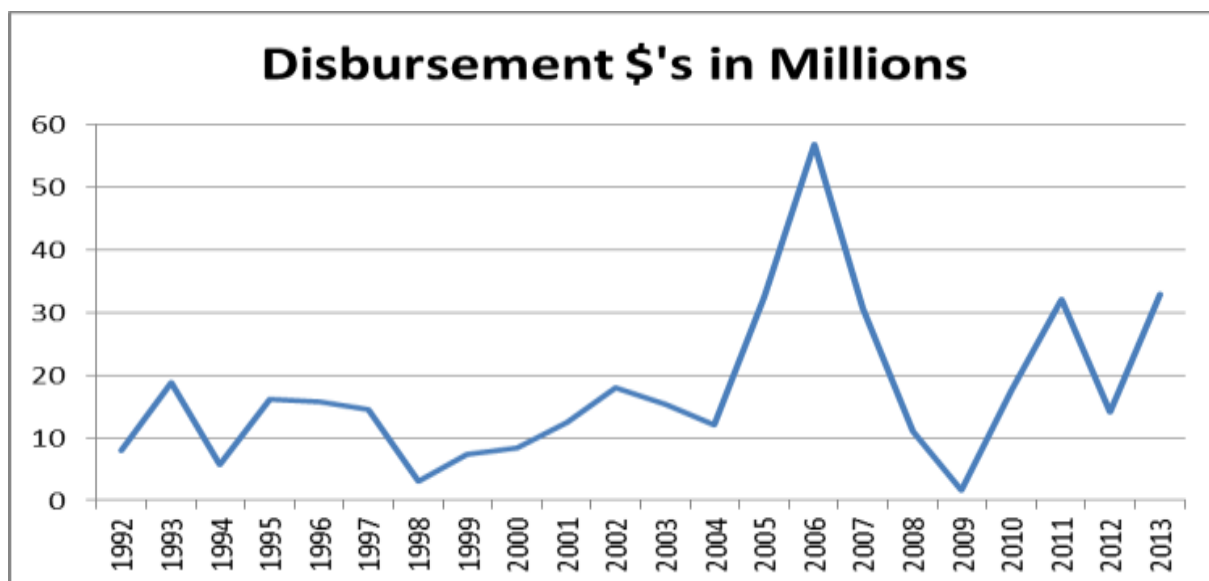


Figure 4

January 1 – March 31, 2014	
April 1 – June 30, 2014	2,284,333
July 1 – September 30, 2014	2,284,333
October 1 –December 31, 2014	2,284,334
Total	\$6,853,000

VI. Program Management

a. Assurances and Specific Proposals

NDEP has provided the necessary assurance and certifications as part of the Operating Agreement (OA) between NDEP and US EPA. The OA describes the mutual obligations between EPA and NDEP. The purpose of the OA is to provide a framework for procedures to be followed in the management and administration of the CWSRF. The OA was updated in SFY 2013.

The OA addresses our commitment to key CWSRF requirements, including:

602 (a) Environmental Reviews: The State will conduct environmental reviews on wastewater facility projects in satisfying the NEPA-like requirements. The State's NEPA-like procedures are contained in the Regulations Governing the State Revolving Loan Program (NAC 445A.685-805).

603 (b)(3) Binding Commitments: The CWSRF will enter into binding commitments for 120 percent of the quarterly grant payment within one year of receipt of the payment.

602 (b) (4) Expeditious and Timely Expenditures: The CWSRF will expend all funds in the CWSRF in a timely manner.

b. Federal Requirements

All assistance recipient agreements adhere to the following federal requirements:

- Single Audit Act (OMB A-133)

- Disadvantaged Business Enterprise compliance (DBE)
- Federal environmental crosscutters
- Federal Funding Accountability and Transparency Act (FFATA) reporting

Assistance recipients will:

- Demonstrate compliance with the federal environmental crosscutting authorities during the environmental review and project planning State
- Follow the EPA Office of Small Business Programs guidelines for encouraging disadvantaged businesses to participate during the binding process
- Report on executive compensation as outlined in the Federal Funding Accountability and Transparency Act
- Submit Single Audit reports in all years when disbursement of federal funds (both CWSRF and non-CWSRF federal funds) are greater than \$500,000

The project sponsors have been informed of the requirements. NDEP will be maintaining records of their compliance in the project files.

c. Davis-Bacon Wage Rates

EPA's 2012 Appropriations bill requires the application of Davis-Bacon federal prevailing wage rates to all treatment works projects funded in whole or in part by the CWSRF. The Davis-Bacon requirements do not apply to non-point source or decentralized wastewater treatment projects. Davis-Bacon applies to construction contracts of \$2,000 or more and their subcontractors (regardless of the subcontract amount).

NDEP will also provide assistance recipients with the specific EPA Davis-Bacon contract language that is to be included in bid specifications and/or contracts. In addition, NDEP will collect Certification of Davis-Bacon compliance for assistance recipients with disbursement requests.

VII. Audits and Reports

Program information, Intended Use Plans, Annual Reports, and other program materials are posted on the SRF website: <http://ndep.nv.gov.bffwp/srIf01.htm>.

The Program's account balances and activities are audited annually, as they are included in Nevada's Comprehensive Annual Financial Report (CAFR) as part of the Water Projects Loan Fund, a major enterprise fund. While materiality is a major concern to the EPA program staff, they agreed that having the DWSRF audited separately is not an efficient or effective use of State funds. Rather, the EPA is considering a number of "agreed-upon procedures" be performed on the DWSRF annual financial statements. In the meantime, EPA is allowing NDEP to provide a reconciliation of the most recently audited CAFR and the related unaudited financial statements. However, the fund met the materiality threshold in FY2011, FY2012 and FY2013 and as a result, underwent an audit in each of these years.

Project milestones and information are reported through EPA's Clean Water Benefits Reporting (CBR) database and NIMS. The NDEP commits to entering benefits information on all projects into CBR by the end of the quarter in which the assistance agreement is signed.

NDEP will meet requirements in accordance with the Federal Funding Accountability and Transparency Act (FFATA) by reporting sub awards in the required time-frame up to the total grant award. The Carson City Project listed in Figure 1 will be reported and will more than meet the equivalency requirement for the 2014 grant.

VIII. Public Review and Comment

On April 30, 2013 at the NDEP office located at 901 S. Stewart Street, Suite 4001, a public hearing was held to receive comments on the 2014 CWSRF Priority List and up-dated Priority List Ranking Criteria. The meeting was advertised in major newspapers in the state, on the CWSRF website, and through a mass mailing to all NDEP communities, consulting engineers, regional councils, watershed groups, and other interest parties. The USEPA was provided a copy of the up-date Priority List Ranking Criteria in March 2013. No changes or other comments were received from either the USEPA or the public with respect to the 2014 CWSRF Priority List or the up-dated Priority List Ranking Criteria.

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ATTACHMENT A
2014 Priority List of Projects

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Year 2014 Priority List - Clean Water State Revolving Loan Fund

Class A: Projects benefits public health and/or the environment

Priority	Applicant Name & Address	Permit No.	Points	Population	State NH / PMWS MH	Revised Points	Project Description	Requested Amt
1	Wadsworth County Jail	NEV00024	25	20,230	1.00	24.88	Sanitary Springs septic to sewer	\$ 31,000,000
2	Lyon County Jail	NEV00122	9	11,000	1.04	9.36	Lyon Valley Septic Conversion	\$ 30,000,000
Total Class A								\$ 61,000,000

Class B: Projects necessary to increase reliability or sustainability

Priority	Applicant Name & Address	Permit No.	Points	Population	State NH / PMWS MH	Revised Points	Project Description	Requested Amt
3	Township Public Utilities	NEV00026	24	2,478	1.10	23.85	Traverse effluent infrastructure project Phase 2 (GREEN)	\$ 3,315,900
4	Elco Co Public Works (Moundville City)	NEV00014	16	60	1.69	17.09	Sewer system repairs	\$ 600,000
5	City of West Wendover	NEV00019	16	4,410	1.40	22.37	Replacement of effluent main line (GREEN)	\$ 1,210,000
6	City of Reno	NEV00150	18	2,581,338	1.12	20.12	Expansion of reclaimed water distribution system in and around Reno (GREEN)	\$ 12,000,000
7	San Jacinto	NEV00010	9	200	2.10	18.87	Sewer line replacement	\$ 400,000
8	Nye County (Salida)	NEV00021	9	378	2.12	19.05	1.5 miles of 8-inch sewer main replacement	\$ 500,000
9	Veriflor	NEV00033	10	3,300	1.48	14.75	Veriflor WWTP upgrades	\$ 4,000,000
10	Carson City Public Works	NEV00008	11	55,375	1.02	13.32	Wastewater treatment plant rehabilitation/upgrades, effluent line repair	\$ 48,378,118
11	Tongah Public Utilities	NEV00028	11	3,478	1.10	13.12	San Jacinto lift station repair	\$ 460,098
12	Clark County Water Rec. District	NEV00128	11	881,505	0.99	12.91	Metformin Observation Upgrade at Central Plant Phase 1	\$ 45,000,000
13	Storey Co Public Works (Nightingale City)	NEV00040	18	2,838	0.72	12.88	Wastewater treatment plant replacement	\$ 5,000,000
14	City of Reno	NEV00150	11	225,818	1.12	12.30	El Rancho wastewater lift station replacement	\$ 1,310,000
15	City of Reno	NEV00150	11	225,818	1.12	12.10	North Virginia Interceptor Phase 3 lift station, for capacity, gravity interceptor	\$ 8,282,000
16	Pelusa Village SID	NEV00009	17	9,200	0.71	12.05	Effluent Export Rehabilitation Phase II	\$ 23,000,000
17	Lyon County Utilities	NEV00022	11	11,000	1.04	11.44	Rose Peak, Cardell Road lift station replacement septic sewer conversions	\$ 1,350,000
18	Carson City Public Works	NEV00008	11	55,375	1.02	11.17	Prison Farm, Daring, Ranch, and Reservoir Facilities	\$ 885,500
19	City of Elko	NEV00015	8	3,000	1.12	9.73	Replacement of the sewer line	\$ 3,240,000
20	City of Henderson	NEV00001	11	258,138	0.82	9.70	San Jacinto Main Replacement (L0003)	\$ 1,000,000
21	City of Henderson	NEV00003	11	258,138	0.82	9.00	Replacement of Summit lift station with gravity sewer (L0001)	\$ 500,000
22	City of Henderson	NEV00003	11	258,138	0.82	9.00	Replacement of Mainwells lift station with gravity sewer (L0028)	\$ 1,400,000
23	City of Henderson	NEV00003	11	258,138	0.82	9.00	Township Phase 2 (L0072)	\$ 4,100,000
24	City of Henderson	NEV00003	11	258,138	0.82	9.00	Township Phase 1 (L0034)	\$ 2,600,000
25	Storey Co Public Works (Nightingale City)	NEV00040	9	2,838	0.72	6.45	Major sewer line replacements	\$ 11,300,000
Total Class B								\$ 181,110,316

Class C: Other clean water reuse projects

Priority	Applicant Name & Address	Permit No.	Points	Population	State NH / PMWS MH	Revised Points	Project Description	Requested Amt
26	Lyon Co. Utilities (Moundville)	NEV00022	13	2,000	1.11	14.42	New sewer collection system - Moundville to Carson City	\$ 3,000,000
27	Clark County Water Rec. District	NEV00128	13	881,505	0.99	12.91	Solar Power Project at Main Plant (GREEN)	\$ 40,000,000
28	City of Sparks	NEV00003	8	381,594	0.98	7.80	North Truckee Drain Project	\$ 30,000,000
Total Class C								\$ 100,000,000
TOTAL FOR ALL PROJECTS								\$ 322,010,316

GREEN - Elements of the project meet "green" standards

Some projects on this priority list may not be funded with 2014 SRF loan funds.

Year 2014 Priority List - Revision 1 - Clean Water State Revolving Loan Fund

Class A: Projects benefiting public health and/or the environment

Priority	Applicant Name & Address	Permit No.	Points	Population	State MHI / PWMS MHI	Revised Points	Project Description	Requested Amt
1	Walpole County DWS	NEV00024	25	20,259	1.00	24.88	Sanitary Services specific to sewer	\$ 33,900,000
2	Lyon County Utilities	NE200000	9	21,000	1.04	8.36	Dogton Valley Sewer Conversions	\$ 10,000,000
Total Class A								\$ 41,900,000

Class B: Projects necessary to increase reliability or sustainability

Priority	Applicant Name & Address	Permit No.	Points	Population	State MHI / PWMS MHI	Revised Points	Project Description	Requested Amt
3	Timsah Public Utilities	NEV00026	24	2,478	1.20	23.85	Treatment effluent infrastructure project-Phase 2 (GREEN)	\$ 3,515,000
4	City of Public Works (Mountain City)	NEV00023	16	60	1.59	22.09	Sewer system upgrades	\$ 600,000
5	City of West Wendover	NEV10019	16	4,431	1.40	22.37	Replacement of effluent reuse line (GREEN)	\$ 3,235,000
6	City of Reno	NEV01000	18	258,128	1.12	20.12	Expansion of reclaimed water distribution system in and around Reno (GREEN)	\$ 12,000,000
7	Serlach SLO	NEV00010	9	200	2.19	19.67	Sewer line replacement	\$ 60,000
8	New County (Gardnerville)	NEV00021	9	378	2.12	19.05	3.5 miles of 8 inch sewer main replacement	\$ 500,000
9	Washington	NEV00033	10	3,300	1.48	24.73	Wentworth WWTP Upgrades	\$ 4,000,000
10	Carson City Public Works	NEV00008	11	50,375	1.02	13.12	Wastewater treatment plant rehabilitation/ upgrades, effluent line repair	\$ 48,375,138
11	Tahoe Public Utilities	NEV00028	11	2,478	1.20	13.22	Storm Water lift station repair	\$ 460,288
12	Clark County Water Res. District	NEV021061	11	861,305	0.99	12.91	Metroland/Clark County Water Res. District, Phase II (GREEN)	\$ 45,000,000
13	Stony Co. Public Works (Virginia City)	NEV00001	18	2,858	0.72	12.88	Wastewater treatment plant replacement	\$ 2,000,000
14	City of Reno	NEV01000	11	225,808	1.12	12.30	El Nido wastewater lift station replacement	\$ 1,110,000
15	City of Reno	NEV01000	11	225,808	1.12	12.30	North Virginia St. Interceptor Phase 4 lift station, bio-solids, gravity interceptor	\$ 9,292,000
16	Indine Village SLO	NEV00009	17	9,700	0.71	12.05	Effluent Export Rehabilitation Phase II	\$ 23,000,000
17	Lyon County Utilities	NE200000	11	11,000	1.04	11.44	Rock Peak, Cargill Road lift station replacement, septic sewer conversions	\$ 1,300,000
18	Carson City Public Works	NEV00008	11	50,375	1.02	11.27	Urban Farm, Darling Ranch, and Lincoln Blvd. Wastewater	\$ 485,500
19	Clark County Water Res. District	NEV021061	11	861,305	0.99	10.42	Central Plant Effluent Replacement - Phase 3 (GREEN)	\$ 50,440,000
20	City of Ely	NEV00015	8	5,000	1.22	9.73	Replacement of clay sewer line	\$ 3,240,000
21	City of Henderson	NEV00003	11	258,128	0.82	9.00	Horton Sewer Main Replacement (0.0003)	\$ 1,000,000
22	City of Henderson	NEV00003	11	258,128	0.82	8.60	Replacement of Summit lift station with gravity sewer (0.0020)	\$ 500,000
23	City of Henderson	NEV00003	11	258,128	0.82	8.60	Replacement of Nevada lift station with gravity sewer (0.0020)	\$ 1,500,000
24	City of Henderson	NEV00003	11	258,128	0.82	8.60	Townsite Phase 2 (0.0072)	\$ 4,200,000
25	City of Henderson	NEV00003	11	258,128	0.82	8.60	Townsite Phase 1 (0.0034)	\$ 2,800,000
26	Stony Co. Public Works (Virginia City)	NEV00001	9	2,858	0.72	6.44	Major sewer line replacements	\$ 11,400,000
Total Class B								\$ 231,770,336

Class C: Other clean water needs projects

Priority	Applicant Name & Address	Permit No.	Points	Population	State MHI / PWMS MHI	Revised Points	Project Description	Requested Amt
27	Lyon Co. Utilities (Mountain City)	NE200000	11	2,000	1.11	14.42	New sewer collection system - Mountain City to Carson City	\$ 5,000,000
28	Clark County Water Res. District	NEV021061	13	861,305	0.99	12.91	Solar Power Project at North Park (GREEN)	\$ 40,000,000
29	City of Sparks	NEV00003	8	50,375	0.58	7.80	North Truckee Drain Project	\$ 50,000,000
Total Class C								\$ 100,000,000
TOTAL FOR ALL PROJECTS								\$ 873,670,336

(GREEN) - Elements of the project meet "a best" standards

Some projects on this priority list may not be funded with 2014 SRF loan funds.

ATTACHMENT B

STATE PROJECT PRIORITY SYSTEM

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NEVADA CWSRF PROJECT PRIORITY LIST RANKING CRITERIA

SECTION I GENERAL POLICY

Clean water state revolving loan funds (CWSRF) for the construction of municipal wastewater treatment works and pollution control projects are made available to Nevada communities pursuant to the Federal Clean Water Act. These funds are not sufficient to satisfy all of the State's wastewater treatment needs. With this constraint, the limited funds must be used in a manner consistent with the water quality and public health goals of the State in order to ensure maximum public benefit. The Nevada Administrative Code (NAC) 445A.765 to 445A.769 (<http://www.leg.state.nv.us/NAC/NAC-445A.html#NAC445ASec765>) provides the regulatory basis for the priority list. The priority ranking criteria described herein reflects the policies of the Nevada Department of Conservation and Natural Resources, Division of Environmental Protection (NDEP) regarding the utilization of the CWSRF and is structured to support the following goals:

- Elimination of surface and groundwater pollution within the State;
- Protection of the health of the people of the State from the threat created by inadequate treatment, collection and improper disposal of municipal wastewater and wastewater from non-point sources;
- Attainment of water quality standards adopted by the State Environmental Commission to protect designated beneficial uses; and
- Operation of the CWSRF program in such a manner so as to impose the minimal possible financial burden on municipalities and other entities eligible for loans from the SRF.

The primary purpose of the priority system is to describe how staff of NDEP will evaluate projects in Nevada in terms of the above goals. Projects are placed in a priority classes and given a priority value, as is described in Section V. The product of this evaluation is a project priority list which will be formally adopted by NDEP following a public hearing. Clean water projects must be listed on the CWSRF Priority List in order to be considered eligible for financial assistance.

NAC 445A.685 – 445A.727 (<http://www.leg.state.nv.us/NAC/NAC-445A.html#NAC445ASec685>) provides a complete list of definitions as they apply to the CWSRF.

SECTION II SPECIFIC POLICIES

A. Adoption of Priority List and Public Participation

Each year NDEP will prepare a project priority list. NDEP will solicit all of the wastewater systems in the state to submit a request to keep projects on the priority list or add new projects to the list. A pre-application – common to both the Clean Water SRF and Drinking Water SRF programs (Attachment #1) – is submitted for each proposed new project. The pre-application provides a description, justification, estimated cost, and implementation schedule for the project. Utilizing this information and other data obtained from the discharge permit program, water quality management plans, municipal compliance plans, local district health officials, and other sources, the proposed projects are classified and ranked to form the state clean water project priority list.

NDEP will conduct a public hearing on the proposed priority list in order to encourage public participation and provide a time for public comment. No later than 30 days prior to the public hearing, notice of the hearing shall be published in newspapers statewide. No later than 15 days prior to the hearing, copies of the priority list and priority ranking criteria will be distributed to all parties which

have expressed an interest in receiving such information and will also be made available at NDEP's office in Carson City and on NDEP's website at <http://ndep.nv.gov/bffwp/srlf01.htm>.

The Administrator of NDEP or his/her designee will act as hearing officer and will consider all testimony presented at the public hearing or in writing prior to the public hearing. Based upon the testimony, NDEP may modify the proposed list prior to adoption. The adopted list and a public comment summary will be submitted to EPA as an attachment to the annual Clean Water Intended Use Plan.

B. Additions, Modification, Bypass, and Removal

NDEP may adjust the priority list in accordance with NAC 445.768. Any change to the priority list that affects the funding or priority of any project on the priority list shall be made only after written notice has been given to all affected parties, a public hearing if required has been held, and a period of 10 working days has elapsed after the date of such notice or hearing.

The priority of available funds will be assigned to those projects with the highest Priority Rank on the Priority Ranking List with preference given to those projects that are ready to proceed. NDEP may bypass projects on the Priority List that are not ready to proceed (NAC 445A.7675). Proposed projects with a lower Priority Rank may be fundable by virtue of bypass. Preference will be given to those lower-ranked projects that are ready to proceed and that will make progress towards compliance with the enforceable requirements of the Clean Water Act.

C. Beneficial uses in Nevada are identified in NAC 445A.122 and include:

- ☐ Municipal or domestic supply;
- ☐ Irrigation;
- ☐ Propagation of aquatic life;
- ☐ Recreation involving contact with the water;
- ☐ Recreation not involving contact with the water;
- ☐ Industrial supply;
- ☐ Watering of livestock;
- ☐ Propagation of wildlife;
- ☐ Waters of extraordinary ecological or aesthetic value;
- ☐ Enhancement of water quality.

SECTION III RANKING CRITERIA

Projects shall be ranked within the Priority Classes on the basis of the total number of ranking points each project receives.

PRIORITY CLASSES

Class A: Project benefits public health and/or the environment

1. Treatment works or pollution control projects necessary to eliminate documented public health hazards in unsewered communities as evidenced by a finding of violation which has been issued in writing by the public health authority having jurisdiction over the area and by an official action which has been taken to halt or restrict construction of individual sewerage disposal systems, eliminate or restrict the discharge from a non-point source, or treatment

works necessary to eliminate documented public health hazards in sewer communities where existing facilities have exceeded their useful life and have deteriorated to the point that a public health hazard exists. (10 points)

2. Treatment works or pollution control projects necessary to correct existing surface water quality standards violations. Violations must be documented by in-stream water quality data and have resulted in a notification of water quality standards violations being issued by NDEP to the municipal discharger or to the person(s) responsible for the non-point source discharge. (8 points)
3. Treatment works necessary to correct violations of discharge permit limitations. Permit limit violations must be documented by discharge monitoring reports or NDEP compliance monitoring, with a resultant notice of violation and administrative order issued by NDEP. (6 points)
4. Treatment works or pollution control projects necessary to eliminate and/or prevent interference with an existing beneficial use of groundwater where it has been determined that such an interference exists. (4 points)

Class B: Projects necessary to increase reliability or sustainability

1. Treatment works necessary to provide a degree of treatment beyond that required by water quality standards or permit requirements in order to reclaim and reuse wastewater or to provide treatment works or pollution control projects to sustain compliance with water quality standards or maintain beneficial uses. (10 points)
2. Interceptors in sewer communities, pumping stations, infiltration inflow correction, correction of combined sewer overflows, sewer system rehabilitation, and reclaimed water distribution. (8 points)
3. Facility flow or loading as a percent of design capacity exceeds 85% (6 points); exceeds 75% (4 points)

Class C: Other clean water needs projects

1. Projects which provide wastewater treatment and collection in existing unsewer communities where no public health hazards or water standards violations have been demonstrated or to provide wastewater collection systems to unsewer portions of sewer communities. (10 points)
2. All other treatment works or pollution control projects. (5 points)

Water quality factor (WQF): applies only to Class A & B projects.

Surface waters in Nevada are assessed based on a two-year, rotating watershed basin cycle. Assessment data and narrative explanations are compiled into the 305(b) Report to Congress. Section 303(d) of the CWA requires each state to list those waters within its boundaries for which technology based effluent limitations are not stringent enough to protect any water quality standard applicable to such waters. The 303(d) List of Waters, now published with the 305(b) report, identifies all waters assessed as "impaired" for one or more pollutants, and are therefore waters not "meeting the water quality standard." NDEP is required to develop TMDLs for those water bodies that are not meeting water quality standards establishing the allowable loadings of pollutants or other quantifiable parameters for a waterbody based on the relationship between point and nonpoint pollution sources and in-stream water quality conditions. TMDLs are prioritized with respect to designated use classifications and the severity of pollution.

The numerical value of WQF is based on the segment to which a treatment plant discharges or which is affected by the discharge from a non-point source:

1. Not supporting – At least one of the water quality standards for the beneficial use was not met (5 points)
2. Groundwater impairment that affects water quality (5 points)
3. Fully supporting; however project is needed to maintain attainment of water quality standards (1 point)

Project Readiness: applies to all priority classes

The highest point value is assigned to projects that are ready to bid a project. Those projects with approved facility plans and that will be ready to go to bid receive a median point value. Projects with an approved facility plan only receive the lowest point value available.

1. Plans and Specification approved by NDEP – includes everything needed to bid the project (10 points)
2. Facility Plan approved by NDEP; final plans and specifications to be completed within six months (7 points)
3. Facility Plan approved by NDEP (5 points)

Asset Management: applies to all priority classes

NDEP encourages systems that do not have an existing Asset Management Plan to develop and implement one. Asset management is actively managing infrastructure capital assets to minimize the total cost of owning and operating them, while delivering the service levels customers desire. Each utility is responsible for making sure that its system stays in good working order regardless of the age of components or the availability of additional funds. Asset management programs with long-range planning, life-cycle costing, proactive operations and maintenance, and capital replacement plans based on cost-benefit analyses can be the most efficient method of meeting this challenge.

Systems will receive additional points for all of the following criteria that apply:

1. The system has mapped its treatment and collection system and analyzed conditions, including risks of failure, expected dates of renewals and ultimate replacements, and sources and amounts of revenues needed to finance operation, maintenance, and capital needs (1 points)
2. The system has developed appropriate rate structures to build, operate, and maintain the system (1 points)
3. The system has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure (1 points)

Green Projects: applies to all priority classes

Green projects are projects that include a component(s) that has Green Infrastructure, Water Efficiency, Energy Efficiency or Environmentally Innovative Benefit. The EPA has provided information on green project reserve guidance at the following URL: http://water.epa.gov/grants_funding/cwsrf/Green-Project-Reserve.cfm. Systems may receive additional points for projects that incorporate green infrastructure, water conservation/efficiency, energy efficiency, or environmentally innovative components.

Systems will receive 5 additional points if any of the following criteria that apply (this is not an exhaustive list):

- Energy efficient retrofits and upgrades to pumps, treatment processes, etc.
- On site clean power production including: wind, solar, hydroelectric, geothermal, biogas, etc.
- Installation of water meters

- Replacement or rehabilitation of distribution lines that have data documenting water loss
- Reuse of treated effluent
- Other environmentally innovative projects

General Criteria: applies to all priority classes

The product of the initial rank number of a project within a class of projects and the ratio of the state median household income to the median household income that is associated with the service area served by the applicant determines the final rank number associated with the project within each class.

If two or more projects within the same class have the same final rank number, the project that is associated with the service area with the highest population shall be deemed to be ranked higher within the class.

ATTACHMENT C

GREEN PROJECT RESERVE

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GREEN PROJECT RESERVE

The 2013 Federal Appropriation required that not less than 10% of the funds provided for projects must be used for water or energy efficiency, green infrastructure or other environmentally innovative activities to the extent there are sufficient eligible projects.

Water or energy efficiency projects will likely be the principal focus of the Green Project Reserve under the CWSRF. However, there may also be projects, or components of projects, that qualify for consideration because of green infrastructure or environmental innovation. Energy and water efficiency projects should demonstrate substantial benefits/savings compared to the average level of efficiency currently available for the project or component. In addition, water and energy efficiency benefits/savings must be a substantial part of the rationale or justification for the project, and cannot simply be incidental water and/or energy efficiency benefits.

The following are some examples of water and energy efficiency projects that would qualify under the Green Project Reserve. Eligible water and energy efficiency projects are not limited to the lists below. The lists merely identify the most common projects.

Energy Efficiency Examples

1. Energy efficient retrofits and upgrades to pumps and treatment processes;
2. On-site clean power production including wind, solar, hydroelectric, geothermal, biogas, etc.;
3. Replacement or rehabilitation of transmission or distribution that results in substantial energy savings;
4. Supervisory Control and Data Acquisition (SCADA) that results in substantial energy efficiency;
5. Pump replacement if pump selected ranks among the most energy efficient commercially available;
6. Projects specifically designed to improve the operational efficiency by improving overall hydraulic conditions in the distribution system;
7. Upgrading to variable frequency drive motors

Water Efficiency Examples

1. Installation of water meters and automated meter reading equipment. A project for the installation of water meters in a previously unmetered water system is categorically green with the caveat that the water system commits to bill a metered rate based on consumption.
2. Purchase of water efficient fixtures, fittings, equipment, or appliances
3. Purchase of leak detection devices and equipment
4. Replacement or rehabilitation of distribution lines that have data documenting water loss
5. Water conservation plans or water audits if they are reasonably likely to result in a capital project

ATTACHMENT D

GRANT REQUIREMENTS

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NEVADA-CMSRF

GRANT REQUIREMENTS

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